

**BUDGET COMMITTEE
of the
SUFFOLK COUNTY LEGISLATURE**

Minutes

A regular meeting of the Budget Committee of the Suffolk County Legislature was held in the Rose Y. Caracappa Legislative Auditorium of the William H. Rogers Legislative Building, Veterans Highway, Smithtown, New York on Tuesday, **November 26, 2002**.

Members Present:

Legislator Michael Caracciolo - Chairman
Legislator David Bishop - Vice-Chairman
Legislator Andrew Crecca

Members Not Present:

Legislator Jon Cooper - Excused Absence

Also In Attendance:

Paul Sabatino II - Counsel to the Legislature
Ken Knappe - County Exec's Budget Office
Jim Spero - Deputy Director of the Budget Review Office
Bill Faulk - County Exec's Office
All other interested parties

Minutes Taken By:

Donna Catalano - Court Stenographer

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(*THE MEETING WAS CALLED TO ORDER AT 1:55 P.M.*)

CHAIRMAN CARACCIOLO:

Good afternoon. Would everyone please rise for the Pledge of Allegiance to be led by Linda Burkhardt.

SALUTATION

CHAIRMAN CARACCIOLO:

Thank you. Ken Knappe, would you please come forward. Also, would the Clerk stenographer please note that Legislator Cooper has an excused absence for today's meeting. Ken, this will be a brief Budget Committee meeting. Before we get to today's agenda, I do have some questions regarding the 2003 budget. And first question I had deals

with the -- Volume 4 of the annual budget is to include a cost comparison, a budget comparison, of Suffolk County's cost versus other large counties, I believe it's the five largest counties in the state; Erie, Monroe, Onondaga, Nassau and Westchester. I've made inquiry as to where there this document is. And before I offer some commentary on the matter, I will give you an opportunity to first advise me if you've gotten -- if you had an opportunity to speak with the Budget Director to find out why this was conspicuously absent in this year's presentation.

MR. KNAPPE:

I did have discussions with Mr. Bortzfield, the Budget Director. We are in the middle of compiling information.

CHAIRMAN CARACCIOLO:

Hold on a minute.

MR. KNAPPE:

I'm sorry.

CHAIRMAN CARACCIOLO:

Okay. Continue, Mr. Knappe.

MR. KNAPPE:

Legislator Caracciolo and myself had an informal conversation a couple of weeks ago regarding Volume 4. He asked me to pass along his concerns to the Budget Director, Robert Bortzfield, which I did. We are in the middle of the compiling the information. The one -- well, there was a couple of factors why we didn't go about it the same way as in years past for right, wrong or indifferent. The counties that we normally compare with across the state were facing similar challenges as we were. They weren't able to give us the information in a timely manner that we were seeking.

In addition to that, the law compares our recommended to the previous year's adopted, and with all the challenges and the different financial situations facing each of those counties, it was really in some ways comparing apples to oranges. We were trying to get what those counties have proposed and are in the process of adopting, so we can truly reflect the comparisons between the expenditures and the revenues that's dictated in the local law. So we will be compiling that information and getting it over to the Legislature as soon as

those five counties are in the same stages as us. The one -- Nassau County, of course, released their budget before us. I think their adoption process is in the same time frame as us, but a couple of Upstate counties are in different time scales as -- different then here in Suffolk County.

CHAIRMAN CARACCIOLO:

Is there a final date by which counties have to adopt their budgets or is it by locality?

MR. KNAPPE:

I think each county does have to operate on a January 1st fiscal year. However, as far as their adoption process, I don't know if there's any common structure as far as when the have to be adopted. When I polled different counties for some of this information in years past, it's been -- it's been very varied across the state as far as what stage of the process at what times. I think our unique situation here in Suffolk with the towns and the Suffolk county Tax Act and tax levies and the tax warrants that have to be prepared, we're a little bit more sophisticated, for a lack of better words, than some of the other counties that we compare with.

CHAIRMAN CARACCIOLO:

Okay. So at this juncture, do you know if any of those six counties have not adopted a budget?

MR. KNAPPE:

I don't know off the top of my head. I know they're in the process --

CHAIRMAN CARACCIOLO:

I know Westchester has.

MR. KNAPPE:

And Nassau has. I don't about Erie County or Onondaga, which encompasses Syracuse County -- the City of Syracuse.

CHAIRMAN CARACCIOLO:

And when -- what is your expectation as to when this information, this volume, will be presented to the Legislature?

MR. KNAPPE:

I can't give you a time frame, but I know we are working on it, and as soon as we get the information, we'll get it over to you. We're not trying to hold it up for any reason or anything thing like that.

CHAIRMAN CARACCIOLO:

I'm glad to hear that, because the whole purpose of this volume was really to give everyone an opportunity to see what the experiences across the state municipality by municipality at least with respect to the six largest counties in the state -- or five largest counties.

MR. KNAPPE:

We certainly agree with that. And kind of as a side issue, the Budget Office and Budget Review have been getting many e-mails from budget directors in the counties across the state, and it doesn't -- it

doesn't merit the needs of the bill or anything like that, but we are

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aware of what's going on throughout the counties, and some of those comparisons have been brought in front of the Legislature. But as far as what we need for Volume 4, we will be working on that for the Legislature as soon as possible.

CHAIRMAN CARACCIOLO:

Okay. Would you expect that will be before year end?

MR. KNAPPE:

Certainly.

CHAIRMAN CARACCIOLO:

Okay. I just -- just wanted to make sure it didn't fall through the cracks permanently.

MR. KNAPPE:

No, it's not. And like I said, it was really basically because of the challenges of the year, the fiscal year, for 2003, the budgets, that it really would be an unfair comparison for the other counties as well as Suffolk to compare 2001 and 2002 levels with next years.

CHAIRMAN CARACCIOLO:

I'm struck when I read news accounts, and earlier today a memo from the Commissioner of Department of Social Services, there's this common theme in the County that our problems have been exacerbated by a regional slowdown in the economy. And I try to think how -- you know, where's the correlation here? Because when you look at the where the County receives its revenues from, primarily, you know, sales tax revenues, to a very small extent, property taxes, federal, state aid fees, I mean, those are the major revenue categories that supply the funds to operate County Government. But we -- we know there's -- there's not been any lesser amount of property taxes, they've gone up now two consecutive years, we know that sales taxes are running above projection, we know that there have been other revenue enhancements; the home heating oil tax, so help me out here. Where is it that we -- we all seem to be talking about, you know, this -- this slowdown in the economy having this significant adverse impact on County Government?

MR. KNAPPE:

Without specifically commenting on what the Commissioner of Social Services might have said or what transpired in the committee, I do know that the economy for 2002 did generate a large increase in expenditures from the Social Services Department for different mandated programs that they run, programs that have been discussed in front of the Legislature, i.e., institutional foster care and those

other programs. So I don't necessarily know if it's a decrease in the revenue as far as an accelerated amount of expenditures.

CHAIRMAN CARACCIOLO:

Well, my question is has there been any either precipitous or otherwise, decline in County revenues?

MR. KNAPPE:

Without having the material right in front of me, I can't comment on that. I know sales tax is pretty much holding the line as far as what

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we have projected from last year to this year.

CHAIRMAN CARACCIOLO:

Did we receive less federal or state aid then what was projected?

MR. KNAPPE:

I can't comment on that specifically.

CHAIRMAN CARACCIOLO:

Let me see if Budget Review has the answer to that question. The question, Jim, in the broader sense is have we seen any noticeable decline in County revenues for 2002?

MR. SPERO:

None that I can think of. As Ken said, sales tax is tracking pretty much as we expected it to and other revenues are coming in. I mean, there was a little snafu with the motor vehicle tax, the filing of that bill, but overall the revenues are coming in. It's the expenditures that are increasing at a rate faster than revenues are increasing.

CHAIRMAN CARACCIOLO:

And the airport landing fees at Gabreski?

MR. SPERO:

That was never initiated. That \$100 was never initiated.

CHAIRMAN CARACCIOLO:

Well, has it been enacted now? Is it in effect now?

MR. SPERO:

Well, we set up a new fee in the Omnibus Bill. I think it was 8.25 on average, an average fee for each landing. So hopefully now that will be reflected in revenues next year.

CHAIRMAN CARACCIOLO:

Okay. Just to quickly recite, and I know you ou didn't have the

benefit of seeing this correspondence, there -- in the opening paragraph that was written to every member of the committee is starts out by saying, quote, I know this is a very difficult budget year. Like counties throughout New York State and even states across the nation, Suffolk County's feeling the effects of a slowing national economy and growing demands from governmental services. Now, we're all familiar with the growing demand for governmental services, vis a vis, unfunded state mandates; Medicaid, increasing retirement costs. But it's interesting in the budget presentation when you look at the \$114 million -- I'm sorry \$111 million that was identified as being a budget deficit with the exception of mandated payments to the state retirement system of \$32.1 million and the increased Social Services cost for Medicaid, you have other -- other categories. You have education of handicapped children, is that the olk Pre-K handicapped program? There's a \$9 million either cost overrun or increase. There's a nursing home subsidy of \$2.3 million, there were Lower District Court revenues of \$4.1 million, and then the whopper was health insurance, \$23.4 million.

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Now, unless I'm wrong, health insurance is not an unfunded state mandate, that's a local County cost. So when you add those up, I mean, you know, you're looking at some 35, \$40 million in increases in local costs. And in the conversation I had with Mr. Pollert just a half hour ago looking ahead to 2004, it becomes clearer and clearer that nobody should be sitting down and resting on laurels now that's the budget's been adopted, but instead, there should be immediate meetings taking place between the Legislative and Executive Branch to try to find out how we are going to reorganize County Government and pair down spending, because Mr. Bloomberg in the City of New York the other day has cut two and a half billion dollars in city spending.

I don't understand why everybody when you talk spending whether it's at this horseshoe or anywhere else, you know, it's like, oh, we can't do that. Well, I submit we can, and I'm going to pay a visit to Mayor's Office -- Budget Office to find out what creative things they're doing that maybe we should be doing. And most importantly, not only what we should be doing, but we better start doing, because we wait until February or March and say, oh, the sky is falling, now we have to repeal the sales tax on clothing. Well, it's too late to do that next year, once we get beyond December 1st. Then we have a do tobacco securitization, not going to doing it, it's a one shot with interest. So we have to find another creative way to either meet expected future expenditure increases, like salary increases, because almost all of the bargaining unit salary agreements expire in the next 12 months. We have two arbitration awards that are pending right now.

So anybody who thinking the problems are solved is asleep at the wheel, and I hope that's not the case either at this horseshoe or

anywhere else in government so I'd appreciate if you could get back to us at the next Budget Committee meeting to find out if there's interest in, you know, moving forward in that direction rather than waiting for the time which is inevitable where when the tab comes in December for pension contributions, we play find that it's even higher than what we believe right now is the current estimate. So let's be proactive is in essence what I'm saying.

MR. KNAPPE:

I certainly will. And I do know that the Budget Office and Budget Review have been working, I know that Fred Pollert and Ken Weiss -- I'm sorry, Robert Bortzfield had a conference call today with our financial advisor, fiscal advisor --

CHAIRMAN CARACCIOLO:

Yes, Mr. Titoro, I'm aware of that.

MR. KNAPPE:

Correct. And we are working together with both offices. I can't speak on behalf of the elected officials, but I do not that you are not the only one with those concerns. We are looking forward --

CHAIRMAN CARACCIOLO:

It's not only concerns. I want to see us turn concerns into action and not just talk about the problems. I mean, if we're waiting for Albany to solve our problems by CAP and Medicaid, it was apparent from the last committee meeting that's probably unlikely to happen any time

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soon.

MR. KNAPPE:

I think the situation we're currently in right now and the situation that the state's in, looking for the state to assist us is somewhat limited. And I think that's --

CHAIRMAN CARACCIOLO:

So that means we have to help ourselves. And the sooner the better, and that's the essence of my message today. The sooner the better. Let's not dig in our heels and say, well, I wanted it this way, they did it that way, and let the chips fall where they may. No, that's not what good government is about. Good government is about working together to solve real problems. Okay. We'll get to the agenda unless they are other questions for Mr. Knappe. Okay. Hearing none. We'll get to today's agenda. Everyone has a copy. Mr. Knappe, did you want to make any statement?

MR. KNAPPE:

No, thank you.

CHAIRMAN CARACCIOLO:

Okay. We have -- hopefully next time we meet, you'll have some good fourth quarter numbers, just earlier today there was a very upbeat national economic report that looks like fourth quarter GDP is going to be about 4%. So that should be trickling down locally. And we really have been fortunate. Unlike the rest the country, as we have said already, have more than held our own. So hopefully things are starting to go in the right direction.

TABLED RESOLUTION PRIME

1568-2002. Requiring child product recall notification at childcare facilities. (CRECCA)

LEG. CRECCA:

Motion to table.

CHAIRMAN CARACCIOLO:

Motion to table by the sponsor, seconded by Legislator Bishop. All in favor? Opposed? Abstentions? Unanimously TABLED. (VOTE:3-0-0-1) (Not present; Leg. Cooper)

1587-2002. Amending the 2002 Operating Budget transferring funds for the New York State Fishing and Tackle Trade Association. (TOWLE)

LEG. CRECCA:

Motion to table.

CHAIRMAN CARACCIOLO:

Motion by Mr. Crecca to table, seconded by the Chair. All in favor? Opposed? Abstentions? Unanimous. TABLED. (VOTE:3-0-0-1) (Not present; Leg. Cooper)

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1590-2002. Amending the 2002 Operating Budget and transferring positions from the Department of Public Works to the Police Department. (POSTAL)

LEG. CRECCA:

Motion to table.

CHAIRMAN CARACCIOLO:

Motion to table by Legislator Crecca, seconded by Legislator Bishop. All in favor? Opposed? Abstentions? Unanimous. TABLED. (VOTE:3-0-0-1) (Not present; Leg. Cooper)

LEG. CRECCA:

And I believe all of these resolutions, Mr. Chairman, will no longer

appear on the agenda as they are at their six month -- today is their six months -- they're six months old each. They're all from --

CHAIRMAN CARACCIOLO:

Is that correct; sir?

MR. SABATINO:

Well, no. What happened was the first round that Legislator Haley had filed all expired, so he refiled them, which gave him these new numbers. So his first series all did --

LEG. CRECCA:

No. I meant the three we just did.

MR. SABATINO:

Oh, well, they will expire if they don't get discharged to the floor at the next meeting.

LEG. CRECCA:

And I'm sorry, actually that's a good question on Legislator Haley's, because I know they were originally introduced 9/17; is that correct? Or are those the reintroductions?

MR. SABATINO:

Those are the reintroductions. I thought you -- we were at that page of the agenda, I thought that's what you were talking about. These are all viable, they're just a second time around.

LEG. CRECCA:

I understand. Thank you.

INTRODUCTORY PRIME

1992-2002. Amending the 2002 adopted Operating Budget appropriating funds for the Vocational Education and Extension Board. (VEEB) (HALEY)

1993-2002. Amending the 2002 adopted Operating Budget appropriating funds for the Police Athletic League. (HALEY)

1994-2002. Amending the 2002 adopted Operating Budget appropriating funds for the North Shore Council. (HALEY)

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1995-2002. Amending the 2002 adopted Operating Budget appropriating funds for the Nature Conservancy. (HALEY)

1996-2002. Amending the 2002 adopted Operating Budget appropriating funds for the Mather Hospital Fortunato Breast Health Center. (HALEY)

1997-2002. Amending the 2002 adopted Operating Budget appropriating funds for the Lifeline Mediation Center. (HALEY)

CHAIRMAN CARACCIOLO:

Okay. We have IR 1992, 1993, 1994, 1995, 1996 and 1997 all sponsored by Legislator Haley

LEG. CRECCA:

I'm going to make a motion to table subject to call, Mr. Chairman.

CHAIRMAN CARACCIOLO:

I'll second that motion. All in favor? Opposed? Abstentions. Those resolution are now TABLED SUBJECT TO CALL. (VOTE: 3-0-0-1) (Not present; Leg. Cooper)

1998-2002. Amending the adopted 2002 Operating Budget and appropriating funds in connection with Suffolk County Planning Federation for Smart Growth Policy Plan Training. (FIELDS)

CHAIRMAN CARACCIOLO:

The sponsor left me a message to table this resolution, so I will make a motion to table, seconded by Legislator Bishop. All in favor? Opposed? Abstentions? TABLED. (VOTE: 3-0-0-1) (Not present; Leg. Cooper)

2017-2002. Amending the 2002 Operating Budget transferring funds for the installation of flagpoles at various health centers. (TOWLE)

CHAIRMAN CARACCIOLO:

What's the offset for this, Counsel?

MR. SABATINO:

The offset was the Benefit Fund contribution.

CHAIRMAN CARACCIOLO:

Does the Budget Office and BRO agree that that would be a sufficient offset?

MR. KNAPPE:

Without speaking on the merits of the bill, the offset, we do not feel comfortable with at this time.

CHAIRMAN CARACCIOLO:

Motion to table, seconded by Legislator Crecca. All in favor? Opposed? Abstentions? Unanimous. TABLED. (VOTE: 3-0-0-1) (Not present; Leg. Cooper)

Okay. That concludes the business before this committee. Thank you, Mr. Knappe. Thank you, Jim. Thank you. Thank you.

(*THE MEETING WAS ADJOURNED AT 2:15 P.M.*)

{ } DENOTES BEING SPELLED PHONETICALLY